

BRIDGES WEEKLY

Global trade news from a sustainable development perspective

VOLUME 20, ISSUE 30, 15 SEPTEMBER 2016

EUROPEAN UNION

EU Leaders Gear Up for Talks Aimed at Charting Long-Term Future1

AGRICULTURE

US Initiates WTO Challenge on China's Grain Subsidies4

TRADE AGREEMENTS

Obama Pushes TPP Case in Asia, Despite Difficult Landscape at Home.....7

GLOBAL ECONOMY

OECD Steel Committee: Some Signs of Recovery, But More Work Remains.....9

ASIA-PACIFIC

ASEAN Leaders Eye Next Steps For Boosting Economic Integration.....12

DISPUTES

India Files WTO Challenge Against US State Programmes for Renewable Energy.....14

EVENTS & RESOURCES

Events16
Resources19

EUROPEAN UNION

EU Leaders Gear Up for Talks Aimed at Charting Long-Term Future

EU leaders are gearing up for an "informal" summit being held this Friday in Bratislava, Slovakia, which is meant to help the bloc's members begin a process of "political reflection" toward developing a strategy in response to the various challenges they are facing on economic and political fronts. The group will notably not include the United Kingdom, in light of the "Brexit" vote earlier this year.

The 23 June referendum in which UK citizens voted by a slim margin in favour of leaving the EU initially threw the bloc into turmoil, prompting fear of economic chaos and fuelling concerns that the decades-long effort toward developing deeper European integration might instead be unravelling. (See Bridges Weekly, [30 June 2016](#))

In the lead-up to this Friday's meeting, European Council President Donald Tusk has been visiting with EU leaders individually, aiming to get a sense of which areas are the ones where the bloc is in most need of collective action and support.

"To me, the aim of the Bratislava summit is to bring back the political control of our common future. We need to come up with a diagnosis of the Union's common shortcomings," said Tusk ahead of talks in Stockholm with Swedish premier Stefan Löfven.

Among the main shortcomings raised so far by EU leaders are migration, terrorism, and anti-globalisation sentiment across the bloc, said Tusk. Of these, securing the bloc's overall border is the "first priority."

Despite being an informal gathering, the outcome is being watched closely for how it might influence public sentiment throughout the EU bloc, with "Eurosceptic" political movements still going strong as France and Germany prepare for elections next year.

Controversies have raged across the bloc on a host of fronts in recent months, ranging from how to address the migration crisis to heated debates over the bloc's approach to its foreign trade policy.

Underlying all of these have been growing questions over the cohesion of the bloc, its long-term viability, and its ability to adapt in response to public concerns and navigate various competing needs and interests among its members.

"Bratislava needs to show that the political elites in Europe are not detached from reality. That we will be open to the outside world, but always bearing in mind the best interests of our own citizens," said Tusk, after a separate meeting last week with Irish Taoiseach Enda Kenny.

European Commission President Jean-Claude Juncker similarly cautioned on Wednesday that the 27 nations must work toward greater unity going forward, cognizant of the complexity of the European Union and the need to rebuild public trust, particularly given the bloc's ongoing "existential crisis."

"Europeans are tired of the endless disputes, quarrels, and bickering. Europeans want concrete solutions to the very pertinent problem that our Union is facing. And they want more than promises, resolutions, and summit conclusions," he said in his annual State of the Union [speech](#).

The EU Commission chief also called upon leaders headed to Bratislava to "remember the sense of purpose of our Union," asking that they each isolate three priority areas that they would be most willing to promote and protect without delay.

Tusk to May: "Ball in your court"

The delay on the UK side in launching the so-called "Brexit" negotiations has been treated by fellow EU leaders as understandable, but at the same time worrisome, given fears that a prolonged process could continue to fuel economic and diplomatic uncertainty.

In that vein, Tusk already met with UK Prime Minister Theresa May last week in London, informing her of the plans for the "EU 27" informal meeting, while also urging her to make headway on launching EU exit talks.

Under the Treaty of Lisbon, any member state who wishes to exit the bloc must formally notify the European Council of its plans to do so, enacting a provision known as Article 50. This kicks off negotiations between that country and the remaining EU member states, which can take up to two years. That period can be extended, however, if all participants agree.

Once it begins, the process is widely expected to be difficult, as participants barter over what access the UK will have to the bloc's single market, along with determining how London will extract itself from the complex legislative and regulatory framework that underpins the current 28-nation bloc.

"To put it simply, the ball is now in your court. I am aware that it is not easy, but I still hope you will be ready to start the process as soon as possible," Tusk told the UK premier, according to a [copy of his remarks](#) released by his office afterward.

May's office released its own summary of the talks, reaffirming that the prime minister does not plan to launch formal EU exit talks before the end of 2016, at the earliest.

October Council: trade policy on the docket

While the talks in Bratislava this week will be informal and held at the "EU 27" level, another major event on the horizon will be the October meeting of all EU leaders – including the UK – in the formal context of the European Council.

One of the items reportedly in the works for the 20-21 October gathering will be the "adoption of guidelines on a robust trade policy that reaps the benefits of open markets while taking into account concerns of its citizens," according to a copy of Tusk's "press lines" for this Friday's meeting.

The press lines, obtained by Politico and cited widely, are split into four sections: migration and external borders; internal and external security; the economy; and future steps. It suggests the option of another meeting of the "heads of the 27" for early 2017, aiming to bring this process to a close in Rome this coming March when leaders meet to celebrate the 60 year anniversary since the European Economic Community was established.

The two trade processes most in focus in recent months have been the Transatlantic Trade and Investment Partnership (TTIP) talks with the US, along with the plans to sign and ratify the Comprehensive Economic and Trade Agreement (CETA) with Canada.

The former has seen various EU national officials suggest that the US negotiations should be put on hold, while the latter is set to face a protracted ratification process in requiring the approval of both the European Parliament as well as EU domestic legislatures. Should either or both falter, analysts say that the result could deal a serious blow to the bloc's overall trade agenda, given the ambitious nature of both agreements.

A key indicator of how both issues may proceed – along with the bloc's trade agenda across the globe – could come from a planned meeting next week of EU trade ministers, also in the Slovak capital. That gathering is expected to focus largely on the future of the ongoing TTIP talks with the US. (See Bridges Weekly, [7 September 2016](#))

Even with the internal EU divisions on both the CETA and TTIP, officials from Canada and the US say that they are optimistic that the bloc will be able to move forward on both fronts.

"The clear message we are getting from [EU] member states is that, notwithstanding these comments there is a clear desire to keep moving forward," said US Trade Representative Michael Froman in an interview with the Financial Times.

Canadian Trade Minister Chrystia Freeland similarly suggested this week that her country is committed to working with the EU in getting their bilateral pact signed and ratified.

"At a time when so much of the world is saying no to trade and saying no to the global economy, Canada is in a position to say yes," she said, according to comments reported by Reuters.

ICTSD reporting; Donald Tusk pushes 'road map' for EU future," POLITICO, 12 September 2016; "Tusk Scolds Poland as East-West Tension Erupts in Brexit's Wake," BLOOMBERG, 13 September 2016; "EU leaders search for new common ground," FINANCIAL TIMES, "Angela Merkel's Problems in Germany Could Challenge Europe, Too," THE NEW YORK TIMES, 11 September 2016; "US in final drive to secure Europe trade deal," FINANCIAL TIMES, 12 September 2016; "Canada working toward EU agreement in October: minister," REUTERS, 12 September 2016.

AGRICULTURE

US Initiates WTO Challenge on China's Grain Subsidies

The US has taken the first step in challenging the legality of China's alleged grain subsidies under WTO rules, formally requesting consultations with Beijing on the matter in a dispute [filing](#) this Tuesday.

A [statement](#) from the office of the US Trade Representative said China's support for rice, wheat, and corn exceeded Beijing's commitments under the WTO's Agreement on Agriculture.

"These programmes distort Chinese prices, undercut American farmers, and clearly break the limits China committed to when they joined the WTO," said US Trade Representative Michael Froman.

However, an emailed statement from Beijing's Ministry of Commerce said that China "feels regret about the consultation request," adding that the country had always respected the global trade body's rules.

Support "displacing imports"

US Agriculture Secretary Tom Vilsack said that, even though reforms such as tariff cuts had meant China had gone from a US\$2-billion-a-year market for US agricultural products to a \$20-billion-plus market, American producers "could be doing much better."

"China's price supports have encouraged wheat, corn, and rice production in China that has displaced imports," Vilsack said.

With trade a hot topic in this year's US presidential elections, and with controversy over the future of new trade deals such as the Trans-Pacific Partnership (TPP), US officials are keen to demonstrate that they are determined to enforce existing rules when these are perceived to have been breached.

"When American workers, businesses, and farmers have a fair shot to compete in the global economy, we win. And when other countries flout the rules to try and undercut American workers and farmers, we hold them accountable," said US President Barack Obama in a [statement](#) on the case.

Trade analysts noted that the US seemed to have taken a decision to challenge China's support under the WTO Agreement on Agriculture, rather than under its Agreement on Subsidies and Countervailing Measures – possibly as China's status as a major importing country could mean it might be harder to demonstrate the "injury" to US producers that would be required under the latter.

Value of production

The US claims that China's subsidies exceed the "de minimis" level which Beijing agreed to respect when it joined the WTO – which was set for China at 8.5 percent of the value of agricultural production.

"China has maintained domestic prices at levels above world market levels since 2012," the USTR claims in its statement.

Support levels for the products concerned – long-grain Indica rice, short and medium grain Japonica rice, wheat, and corn – amounted to almost US\$100 billion in 2015, according to the US government's analysis.

Last May, an official report from China to the WTO committee on agriculture stated that the country provided CN¥123 billion (US\$18 billion) in domestic agricultural support in 2010 – although Beijing has not provided more recent figures on its farm support, which has grown rapidly in recent years. Of this notified support, the products receiving the highest levels of aid were rice, wheat, and maize. (See Bridges Weekly, [13 May 2015](#))

However, in February 2015 the US law firm DTB Associates presented analysis on behalf of American grain groups which alleged that China provided between US\$48 billion and US\$117 billion in domestic support. (See Bridges Weekly, [27 February 2015](#)) The methodology used by the group was nonetheless questioned by other trade analysts at the time.

The chair of the agriculture trade negotiations at the WTO, New Zealand Ambassador Vangelis Vitalis, has warned in recent months that data gaps are hampering efforts to negotiate new rules on farm subsidies at the global trade body. (See Bridges Weekly, [12 May 2016](#))

Domestic reforms

While Beijing has repeatedly underlined its commitment to maintaining support for the farm sector in major policy announcements scheduled to coincide with the Chinese New Year, domestic concerns over rising budgetary costs and growing stockpiles have also led to moves to reform current policies.

A white paper from Beijing this February said that the government would introduce changes to ensure support for the maize sector is more market-oriented, following similar moves for soybeans and cotton. Existing programmes for wheat and rice would be maintained, the government said. (See Bridges Weekly, [4 February 2016](#))

Trade officials in Geneva questioned how, if at all, the launch of the trade dispute would affect Beijing's planned domestic reforms.

Public food stockholding

The US statement makes no mention of a [deal](#) reached almost three years ago, which saw WTO members agree to refrain from launching trade disputes with developing countries on farm goods purchased at government-set prices under public stockholding schemes for food security purposes. (See Bridges Daily Update, [7 December 2013](#))

The deal, reached at the WTO's Bali ministerial conference in 2013, was a response to some developing countries' concerns that rising food prices could inflate calculations of the level of subsidy they provide to farmers – even if administered prices were in fact set below international market prices.

The new WTO case launched by Washington centres around Beijing's wheat, rice, and maize procurement at government-set prices.

However, the Bali deal also requires developing countries to inform the WTO committee on agriculture that it risks breaching ceilings on farm subsidies, as well as being up-to-date in their domestic support reporting obligations, and providing additional information on how the schemes operate in practice.

China's statement in response to the US legal challenge noted that agriculture "is a sector of vital importance" which affects the economic interest of millions of producers.

Beijing has repeatedly emphasised that the levels of per capita support it provides are far lower than in other major economies, including the US.

"This clearly goes beyond China, too," said Joseph Glauber, senior research fellow at the International Food Policy Research Centre, in comments to Bridges. Glauber noted that a number of other developing countries operate similar schemes which they may now fear are also vulnerable to legal challenge.

Negotiating impact uncertain

Delegates in Geneva told Bridges that it was still unclear how the new dispute could affect ongoing talks to improve global rules on farm subsidies.

The chair of the WTO agriculture talks has previously said that many countries see this issue as a key potential outcome for the next ministerial conference, which is scheduled for the end of 2017. (See Bridges Weekly, [14 March 2016](#)).

Some officials said that the dispute could cast a chill over the talks in the short term, if not longer.

However, others told Bridges that the challenge simply brought to the surface tensions that had long been simmering between the two trading giants.

One official suggested that the case could bring Beijing and Washington back to the negotiating table to try and resolve their differences.

The source noted that Brazil's legal challenge to US cotton subsidies had succeeded in eventually leading to a negotiated outcome between the two parties, though the process itself took several years. (See Bridges Weekly, [3 October 2014](#)).

However, others said that the impact on the negotiations might depend on how long it took for the case to move through the WTO's complicated legal process.

"It certainly throws a major spanner in the works," one source told Bridges.

Another suggested that the challenge was also an opportunity for negotiators to revisit what might be feasible and desirable in the talks in the run-up to the ministerial conference in December 2017.

ICTSD reporting.

TRADE AGREEMENTS

Obama Pushes TPP Case in Asia, Despite Difficult Landscape at Home

US President Barack Obama continued to make the case for the Trans-Pacific Partnership (TPP) during a visit to Asia last week, warning of the risk to his country's leadership prospects abroad should ratification efforts in Washington falter.

"TPP is a core pillar of America's rebalance to the Asia Pacific. And the trade and the growth it supports will reinforce America's security alliances and regional partnerships," [said](#) Obama in Vientiane, visiting the Laotian capital to meet with regional leaders.

The US leader acknowledged, however, that the political landscape in Washington is difficult, at best. Indeed, with just months remaining in Obama's second and final term, congressional lawmakers have essentially ruled out a vote this year on the deal, even after the November elections – putting in jeopardy the major accord upon which the US leader hopes to build his trade legacy.

While some progress was reported last week in discussions between the administration and key US lawmakers, the approval process is still expected to be anything but easy, particularly given public sentiment on trade. The issue has been one of the hottest topics during the presidential election process, with candidates from both the Republican and Democratic parties opposing the pact in its final form.

US Senator Orrin Hatch, the Utah Republican who chairs that chamber's finance committee, reportedly [suggested](#) to Bloomberg late last week that there has been progress in recent discussions with the White House on data exclusivity periods for biopharmaceuticals, also known as biologics. These are used to make vaccines, anti-toxins, and other life-saving drugs derived from a biological background.

The terms govern the protection of data used in deriving such drugs, with proponents of shorter periods arguing that these will make it easier to make "biosimilars" that are substantially cheaper. Hatch and other lawmakers have indicated that a change in these terms could make its passage in Congress go more smoothly, though is not the only problem area in the pact.

The issue of data exclusivity for biologics was one of the most difficult hurdles of the TPP talks in the final stages, given that countries such as Australia had pushed for a much shorter period than the 12 years that is currently part of US law. The final accord set a minimum five-year standard, with the option of additional measures that a country could take domestically to extend the period. (See Bridges Weekly, [8 October 2015](#))

Whether a binding change to the TPP's biologics provisions will be possible in practice, however, remains an open question, given the stances of the other players, both in the past talks and currently on whether the final terms are negotiable. Just this week, officials from the 12 signatories to the Pacific Rim pact reportedly confirmed that they will not reopen the trade deal, following a meeting in Tokyo.

Trade legacy

The TPP has been the most high-profile trade project that Obama has pursued during his two terms in office, with the US leader touting the accord as a chance to lead the way in

trade rulemaking, particularly in issues such as labour and environment; take a leadership role in the region; and boost the American economy.

The 12-country accord has particularly come under the limelight during Obama's latter term. While his first term saw Obama push successfully for Congress to approve three pacts negotiated under President George W. Bush – including the partial renegotiation of the US accord with South Korea – his second term has since seen a rapid scale-up in trade negotiating activity.

Along with the completion of the TPP talks, which Obama announced his intention to join in late 2009, this effort has also included the 2013 launch of negotiations for a Transatlantic Trade and Investment Partnership (TTIP) with the European Union. However, three years in the next steps for TTIP similarly remain unclear. Various sensitive issues within the negotiations remain unresolved, while the talks are also facing a political backlash in Europe that is expected to be the key focus during a meeting of EU trade ministers next week in Bratislava, Slovakia. (See Bridges Weekly, [7 September 2016](#))

The politics of trade in the US have long been difficult, with the approval of new deals – or even the legislation authorising the negotiation of such accords – often requiring difficult legislative manoeuvring and behind-the-scenes discussions. However, the recent rise in anti-globalisation sentiment, coupled with growing concerns over income inequality, have made the landscape even trickier to navigate, and are likely to prove problematic for Obama's successor – regardless of who wins in November.

Japan, Australia press on

Officials from other TPP signatories have lately pushed the US to resolve its domestic political issues on the trade deal, with some pinning their hopes on an outcome during the "lame duck" session.

"All efforts in the United States around passing the Trans-Pacific Partnership are being directed toward that lame-duck session, so before the new President takes office we'll have a clear idea about whether or not it's going to get up or not," [said](#) Australian Trade Minister Steve Ciobo on Monday during a radio show.

Meanwhile, in Australia the accord has been [submitted](#) to the Joint Standing Committee on Treaties, bringing it closer to parliamentary consideration in that country. Indeed, while the US ratification process has been one of the most high-profile, other TPP signatories are also taking steps to advance the approval process in their own legislatures.

Japan is due to hold an "extraordinary session" of its Diet this month, starting on 26 September, which is where the legislature is expected to take up the deal. The Asian economy is the second largest in the TPP, surpassed only by the US, and was the last to join the negotiations. (See Bridges Weekly, [25 July 2013](#))

Japanese Prime Minister Shinzo Abe has long touted the TPP as being an essential part of his "Abenomics" strategy, specifically as part of its "third arrow" of structural reforms. The pact remains controversial in Japan given the commitments required in sensitive areas such as agriculture and automobiles.

ICTSD reporting; "Extra Diet session set to open Sept. 26, after DP elects new leader," KYODO, 31 August 2016; "TPP free trade signatories agree not to renegotiate," KYODO, 12 September 2016; "The case for how TPP, with fixes, could happen," POLITICO, 8 September 2016; "Sen. Hatch Says Progress Made on TPP Drug Issue," BLOOMBERG BNA, 7 September 2016.

GLOBAL ECONOMY

OECD Steel Committee: Some Signs of Recovery, But More Work Remains

Global steelmaking capacity is slated to grow over the next two years, officials from the Organisation for Economic Co-operation and Development's (OECD) Steel Committee warned last week, just days after a G-20 summit where leaders agreed to set up an international forum to tackle the problem.

The OECD's Steel Committee aims to provide a platform for fostering transparent, competitive steel markets, seeking to minimise market distortions and facilitate international cooperation through policy solutions.

Along with holding a regular session of their committee on 8 September, the group also held talks the following day involving G-20 members, as part of the initial steps toward establishing the planned Global Forum on Steel Excess Capacity.

Capacity on the rise

A central concern at the OECD meeting last week was that of excess capacity, a challenge that has been plaguing the steel industry since the financial crisis, resulting in a situation where steel supply vastly outpaces demand.

The committee also explored the global steel demand outlook and other aspects of the global steel market situation, the latest developments in trade policies in the steel industry, and progress in steelmaking capacity.

Global steelmaking capacity continues to rise and is "projected to increase by almost 58 million metric tonnes (mmt) in the 2016-18 period, thus reaching 2,425.5 mmt by 2018," said Risaburo Nezu, Chairman of the OECD Steel Committee, in his statement to participants.

Since the start of the year, while there was a drop in production early on, the "rate of decline has diminished" in recent months, while the outlook for recovery in demand remains dim, Nezu explained. The committee chairman said that demand this year is expected to hit 1.5 billion tonnes – meaning that there will be over 800 mmt of excess capacity as a result.

This prolonged mismatch has led to growing risk for the sector, weakening its viability and efficiency and resulting in mounting trade friction, marked by increases in trade actions by competing producers to protect their domestic industries.

Building on G-20 outcomes

Earlier this month, G-20 leaders at a summit in Hangzhou, China, met to address a series of issues relating to the state of the global economy – including, among other topics, the problem of excess capacity in steel and other industries.

Leaders ultimately included in the final communiqué a recognition of the problem that excess capacity poses for steel markets in the face of slow economic recovery and faltering demand, and that a solution must be global in scope through increased cooperation and information sharing. (See Bridges Weekly, [7 September 2016](#))

The communiqué called for the formation of a Global Forum on steel excess capacity to encourage adjustments, reporting back to G-20 ministers in 2017 – a decision that was welcomed by the OECD Steel Committee, Nezu said.

The initial discussions for how this forum would operate were held last week in Paris, involving both OECD members and G-20 steel-producing countries. Outside of the establishment of the global forum, the G-20 summit communiqué did not include any additional binding commitments on reducing production.

The G-20 communiqué also says that “subsidies and other types of support from government or government-sponsored institutions can cause market distortions and contribute to global excess capacity and therefore require attention.”

China in focus

In recent years, China has become a focal point in this debate, as a mammoth producer and consumer of steel that is the source of half of global output. Of the top ten steel producers, five companies are headquartered in China, according to the [World Steel Association](#), totalling between them an output of 177.952 million tonnes in 2015.

China has lately come under fire by other major steel-producing countries for allegedly propping up state-owned factories and potentially selling its steel abroad at prices lower than their normal value. The Asian economy has also faced claims of subsidising new capacity creation or maintaining inefficient facilities in operation and delaying exit in order to protect workers, offset social fallout, and limit the implications for its economy.

The high exit barriers have long served to discourage adjustments in capacity, but China has begun to signal a commitment to a change of pace, including promises to cut steel capacity by 45 million tonnes this year, and by 150 million tonnes in total over a five-year period. These reductions are expected to come at the cost of 180,000 jobs for steelworkers.

With lower-priced Chinese steel flooding the market, traditional steel-producing countries like Japan and the United Kingdom have lately struggled to remain competitive.

The OECD has [reported](#) 13 cases of permanent factory closures, 13 temporary closures, five production cutbacks, and 33 layoffs taking place at steel facilities between September 2015 and June 2016. Over 60 percent of these closures occurred either in Europe or in the North American Free Trade Agreement (NAFTA) countries – Canada, Mexico, and the US.

Trade measures

In addition, other economies such as the European Union and the US have undertaken various trade remedy investigations to assess whether foreign producers are benefiting from alleged dumping or unfair state aid, and if those practices are hurting domestic industry.

Ahead of the global forum's launch, the US has [confirmed](#) via a White House factsheet that it will work toward “enforcing 160 anti-dumping and countervailing duty orders on steel and steel-related products, tracking US and global steel trade flows, working to address evasion of anti-dumping and countervailing duties and upholding US rights under trade agreements.”

For its part, the EU has undertaken trade remedy actions on over 30 types of steel products. (See Bridges Weekly, [18 February 2016](#))

In his statement for the OECD Committee, Nezu referred to the trade tensions that have resulted from the struggles in the sector.

"There has been a sharp increase in steel trade actions by governments, while global steel trade remains relatively robust, with world exports of steel having averaged more than 300 mmt per year since 2014," said Nezu, adding that countries should ensure that such steps are in line with internationally-agreed rules.

ICTSD reporting; "Excess capacity in Chinese economy distorting world markets, says Jack Lew," THE GUARDIAN, 5 June 2016; "G-20 Says Industrial Overcapacity Has Put Dent in Global Trade," THE WALL STREET JOURNAL, 10 July 2016; "G20 nations for global forum to address excess steel capacity," THE HINDU, 5 September 2016; "G20 pledges to tackle global steel glut, quell China tensions," REUTERS, 5 September 2016; "G20 kicks steel overcapacity can down the road again," REUTERS, 7 September 2016; "China fights for market economy status," FINANCIAL TIMES, 9 September 2016; "Tata stops Port Talbot plant sale as talks begin with German steel group," THE GUARDIAN, 8 July 2016; "Charted: how China turned the global steel industry upside down in 15 years," QUARTZ, 7 June 2016.

ASIA-PACIFIC

ASEAN Leaders Eye Next Steps For Boosting Economic Integration

The Association of Southeast Nations (ASEAN) concluded a series of leaders' level meetings last week, gathering in Vientiane, Laos, for three days of talks on "Turning Vision into Reality for a Dynamic ASEAN Community."

The 6-8 September talks marked the first such leaders' gathering since the ASEAN Economic Community was launched last year, with numerous other related summits held on the margins with other regional players.

According to a [statement](#) by Thongloun Sisoulith, the Laos prime minister who chaired the 28th and 29th ASEAN Summits last week, the discussions were geared toward developing the next steps for "a politically cohesive, economically integrated, socially responsible and a truly rules-based, people-oriented, people-centred ASEAN Community."

The talks in the Laotian city were structured around a series of future-oriented priorities, according to Sisoulith, including reducing the "development gap" between them; facilitating trade; and helping micro, small, and medium-sized enterprises (MSMEs) gain a stronger foothold in the marketplace.

ASEAN Economic Community: One year in

Overall, the ASEAN Economic Community (AEC) [represents](#) a market of US\$2.6 trillion and more than 622 million people, making it the third largest economy in Asia and the seventh globally. However, the 10 members of ASEAN showcase a wide variety in their levels of development, including emerging economies such as Indonesia and least developed countries (LDCs) such as Cambodia, Laos, and Myanmar – making the challenge of group-wide integration even greater.

A year ago in Kuala Lumpur, the group adopted its AEC Blueprint 2025, which launched the economic community and aimed to guide its formation from 2016 to 2025, building on the progress of an earlier 2008-2015 blueprint.

According to the new [AEC Blueprint 2025](#), the measures suggested will lead to "a networked, competitive, innovative, and highly integrated and contestable ASEAN." This new blueprint builds from the previous one of 2008-2015, and features five linked elements that together aim to make the 10-country group more integrated internally, while competitive and innovative abroad. It also refers to the importance of making the group's work inclusive and people-oriented.

In terms of implementation, the priority is to implement by year's end the measures still pending from the previous AEC Blueprint 2015, with LDCs in the group given until 2018 to do so.

"We were pleased to note that in 2016, the inaugural year of the AEC, efforts have been focused on completing the remaining AEC 2015 measures as well as initiating the implementation of new measures under the AEC Blueprint 2025," said the chairman's statement.

The document notes that even with “external headwinds,” the group’s overall GDP growth last year and going forward are expected to be “robust” and “resilient,” with promising prospects for trade and investment.

The chairman’s text further noted areas where ASEAN members are working to make additional progress in AEC implementation, including eliminating tariffs on any remaining tariff lines and addressing non-tariff barriers to trade. Other issues raised included steps to facilitate intra-regional trade, and harmonising standards and regulatory regimes.

The statement also refers to the enactment of a group-wide deal on the movement of people who are involved in merchandise and services trade, as well as investment. Other topics raised included work on competition rules, consumer protection frameworks, and an intellectual property rights action plan.

The ASEAN group also adopted nine documents last week, all of them dealing with relevant and current international issues and concerns. These included, among others, addressing internal and external disasters; facilitating the transition from informal to formal employment; reinforcing cultural heritage cooperation; strengthening education for out-of-school children and youth; climate change and the Convention on Biological Diversity, and fighting HIV and AIDS.

RCEP leaders meet

Notably, the gathering also featured a leaders’ level meeting of the Regional Comprehensive Economic Partnership (RCEP) – a group that includes all of ASEAN, along with their six FTA partners. That group is aiming to conclude negotiations for a major regional trade deal by the end of this year.

However, some officials have recently suggested that the target of concluding the RCEP talks this year may be left unmet, given the current pace of the negotiations. (See Bridges Weekly, [7 September 2016](#))

Following the RCEP leaders’ talks in Laos, participating countries [called for intensifying efforts](#) to advance market access and text-based negotiations. (See Bridges Weekly, [23 June 2016](#))

“While acknowledging the complexities of the RCEP negotiations and the diversity of the participating countries, including differences in the level of development, we resolve to find appropriate ways to address the various sensitivities and interests of each participating country to arrive at balanced, high-quality, and mutually-beneficial outcomes,” said leaders afterward.

Additional RCEP negotiating rounds are expected in October and December.

The 16-country group has similarly proven resilient to harsh international economic conditions, accounting for 30.6 percent of global GDP, or US\$22.4 trillion; internal trade amounting to US\$11.9 trillion last year; and foreign direct investment (FDI) inflows at US\$ 329.6 billion, according to the joint leaders’ statement.

The meetings in Laos also allowed for a series of other meetings on the margins, such as ASEAN Plus One, ASEAN Plus Three (APT), and the East Asia Summit (EAS). There was also the Mekong-Japan Summit under the sub-regional cooperation framework, as well as bilateral meetings between ASEAN and leaders from Australia, Japan, Korea, and the US respectively.

ICTSD reporting.

DISPUTES

India Files WTO Challenge Against US State Programmes for Renewable Energy

India has filed a request for WTO consultations with the US, citing select measures which it claims unfairly support the renewable energy sector in eight American states.

The move is the first step in dispute settlement proceedings at the Geneva-based organisation, and marks the latest development in a long-running debate over how to best support the deployment of renewable energy without running afoul of global trade rules.

The consultations request was submitted on Friday 9 September, trade sources said, with the news being made public on Monday. Over the last several months, Indian officials have indicated in various media reports that such a dispute might be forthcoming, pending internal processes.

While the request for consultations was not yet public at the time of this writing, sources say that it refers specifically to subsidies and domestic content requirements that are allegedly in place in California, Connecticut, Delaware, Montana, Massachusetts, Michigan, Minnesota, and Washington.

Details on which specific state-level programmes are being cited by New Delhi – and what specific subsidies or domestic content requirements are involved – have not yet been confirmed.

These measures, India claims, are allegedly in violation of both the WTO's Agreement on Subsidies and Countervailing Measures (SCM Agreement) and the Agreement on Trade-Related Investment Measures (TRIMs).

Under WTO rules, parties to a dispute must now conduct consultations for a minimum 60-day period, in an effort to find a mutually agreed solution to the case. Should these talks fail to yield such an outcome, India can request that a panel be established to hear the case.

AB report in other US-India solar case forthcoming

The news of the WTO complaint comes just days before the organisation's highest court is meant to release its own findings in a separate India-US renewable energy dispute ([DS456](#)).

The latter case, involving domestic content requirements (DCRs) within the Asian economy's Jawaharlal Nehru National Solar Mission (JNNSM), has been under appeal by New Delhi after an earlier panel ruled that those DCRs were in violation of global trade rules. (See Bridges Weekly, [3 March 2016](#) and [28 April 2016](#))

The panel stressed at the time that its analysis was limited only to whether these policies were legal under global trade rules, and was not questioning whether India's policy objectives – such as improving energy security – were legitimate.

In its subsequent appeal, India had specifically argued that the JNNSM's domestic content requirements are covered by a provision in the WTO's General Agreement on Tariffs and Trade (GATT) that exempts government procurement-related measures from the organisation's rules on national treatment. The latter requires like products from foreign and domestic producers to be treated equally.

New Delhi had also argued that the measures qualify for some of the GATT's Article XX exemptions, which outline a series of reasons for which a WTO member can adopt policies that would otherwise violate global trade rules.

Both disputes are likely to fuel a long-running debate over how best to increase the use and development of clean energy sources, particularly given that many experts now suggest that DCRs – along with being trade-restrictive – may not be the best approach for meeting such objectives.

A full report on the Appellate Body ruling, along with a more detailed analysis of India's consultations request in the new case, will be featured in the next edition of Bridges Weekly.

ICTSD reporting; "India confirms it will file 16 solar cases against US under WTO dispute," PV MAGAZINE, 13 May 2016.

EVENTS & RESOURCES

Events

Coming Soon

19 September, Geneva, Switzerland. FOREIGN POLICY IN THE 2016 US PRESIDENTIAL ELECTION. This lecture is being hosted by the Graduate Institute, featuring as its guest speaker Ambassador Reuben Brigety, currently the Dean of the Elliott School of International Affairs at George Washington University and previously the US' representative to the African Union and the UN Economic Commission of Africa. Brigety will discuss how foreign policy is being treated in the ongoing US election process, along with the possible long-term ramifications. To learn more, click [here](#).

19 September, New York City, US. UNITED NATIONS PRIVATE SECTOR FORUM 2016. This meeting is being hosted by UN Secretary-General Ban Ki-moon, in partnership with the Co-Chairs of the UN High-Level Meeting of the General Assembly to address Large Movements of Refugees and Migrants. The forum will look at how the private sector can contribute in advancing the implementation of the Sustainable Development Goals (SDGs), the Agenda for Humanity, the Paris Agreement on Climate Change, and the Addis Ababa Action Agenda on Financing for Development. The invitation-event will look at these topics in the context of migration and displacement. To learn more, click [here](#).

19-23 September, Geneva, Switzerland. INTERGOVERNMENTAL COMMITTEE ON INTELLECTUAL PROPERTY AND GENETIC RESOURCES, TRADITIONAL KNOWLEDGE AND FOLKLORE: THIRTY-FIRST SESSION. This upcoming session of the World Intellectual Property Organization's (WIPO) Intergovernmental Committee on Intellectual Property and Genetic Resources, Traditional Knowledge, and Folklore (IGC) will focus specifically on the topic of traditional knowledge. The committee is working to prepare texts for a possible international legal instrument(s) that would protect traditional knowledge, traditional cultural expressions, and general resources. More information, including various documents submitted ahead of the meeting, are available on WIPO's [website](#).

21 September, New York City, US. UN PARIS CLIMATE AGREEMENT: TOWARD ENTRY INTO FORCE. This event is being hosted by UN Secretary-General Ban Ki-moon, bringing together world leaders to deposit their instruments of ratification or acceptance to the Paris Agreement on climate change adopted last year. The gathering is part of a process aimed at advancing the entry into force of the landmark climate deal, which requires ratification or acceptance by a minimum of 55 countries, accounting for 55 percent of greenhouse gas emissions. Additional information is available [here](#).

22 September, Bratislava, Slovakia. EU TRADE AGREEMENTS IN PRACTICE – MAKING TRADE WORK FOR YOU. This conference is being hosted by EU Trade Commissioner Cecilia Malmström, with participants expected to include private sector representatives, civil society and trade union members, EU lawmakers, and various other actors. The sessions will include topics such as how trade can support job creation and provide opportunities for small businesses, along with how different actors can take an increasingly active role in trade and investment policymaking. An event programme and registration details are available [here](#).

22-26 September, Washington, US. 15TH AGOA FORUM. This latest edition of the annual African Growth and Opportunity Act (AGOA) Forum will have as its theme "Maximizing US-Africa Trade and Investment: AGOA and Beyond." The meeting will include panel discussions, ministerial-level gatherings with labour and trade officials and industry

representatives; a civil society forum; a ministerial breakfast on women and AGOA; and various related sessions. More information, including a draft agenda, can be found [here](#).

WTO Events

An updated list of forthcoming WTO meetings is posted [here](#). Please bear in mind that dates and times of WTO meetings are often changed, and that the WTO does not always announce the important informal meetings of the different bodies. Unless otherwise indicated, all WTO meetings are held at the WTO, Centre William Rappard, rue de Lausanne 154, 1211 Geneva, Switzerland, and are open to WTO members and accredited observers only.

16 September: Trade Policy Review Body – El Salvador

16 September: Committee on Budget, Finance, and Administration

19 September: Informal Committee on Safeguards

20 September: Informal Trade Policy Review Body

21 September: Informal Session on Rules of Origin

22 September: Committee on Rules of Origin

22 September: Informal Committee on Technical Barriers to Trade

Other Upcoming Events

24 September – 5 October, Johannesburg, South Africa. CITES COP17. The 17th Conference of the Parties (COP17) to the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) will address a series of issues relating to wildlife trade, including the closure of domestic markets for elephant ivory and how to deal with ivory stockpiles, among various others. A provisional agenda along with working documents for the meeting can be found [here](#).

26 September, Manila, Philippines. CURRENT ECONOMIC ISSUES IN ASIA. This policy dialogue is being hosted by the Asian Development Bank Institute (ADBI) and will focus on how economies in the region are responding to developments in the monetary environment, including the ramifications on income inequality. The meeting's attendees are expected to include government officials from Asian developing economies, as well as ADBI Advisory Council members. More information can be found at the event [website](#).

26-27 September, Geneva, Switzerland. ADVANCED SEMINAR ON THE PATENT COOPERATION TREATY. This two-day seminar is being hosted by the World Intellectual Property Organization (WIPO) and is designed for patent administrators and other users of the Patent Cooperation Treaty (PCT) System, examining issues such as best practices in filing applications to the system; online filing; recent and expected developments in the field; and more. Additional information is available [here](#).

26-30 September, Rome, Italy. FAO COMMITTEE ON AGRICULTURE, 25TH SESSION. The UN Food and Agriculture Organization (FAO) will focus this session of the Committee on Agriculture on 14 "priority themes," including the agency's climate strategy, implementing the 2030 Agenda for Sustainable Development and related Sustainable Development Goals (SDGs), and various other topics. The full agenda for the meeting is available [here](#).

27-29 September, Geneva, Switzerland. WTO PUBLIC FORUM 2016: INCLUSIVE TRADE. This year's edition of the WTO's annual outreach event will focus on better integrating a broader range of actors into the global trading system, particularly for women and small

and medium-sized enterprises. Registration is now open, with additional details to be provided as the event draws nearer. More information can be found [here](#).

28-30 September, Geneva, Switzerland. TRADE FOR SUSTAINABLE DEVELOPMENT FORUM 2016. This annual gathering is organised by the International Trade Centre (ITC), with this year's edition having as its theme "Sustainable Value Chains: Open Data Makes a Difference." The discussions will aim to support the ongoing efforts for implementing the 2030 Agenda for Sustainable Development and the related Sustainable Development Goals (SDGs). More details, including a provisional programme, can be found [here](#).

27 September – 7 October, Montreal, Canada. 39TH SESSION OF THE ICAO ASSEMBLY. The International Civil Aviation Organization (ICAO), which is the UN body tasked with issues relating to civil aviation, will be holding its triennial assembly to review the organisation's work programme across a range of fields. One of the key issues on the meeting agenda is a possible global market-based mechanism on tackling emissions from the sector. To learn more, click [here](#).

28-29 September, Washington, US. 2016 WITA-GWU INTENSIVE TRADE SEMINAR. This seminar is being organised jointly by the Washington International Trade Association (WITA) and George Washington University (GWU) and will feature a series of panels and presentations relating to how trade policy is developed and pursued in Washington. Topics for discussion include dispute settlement, trade agreements, and how different branches of government are involved in the policy process, among others. More information is available [here](#).

11 October, Brussels, Belgium. POLICY ROADMAP FOR IMPLEMENTING CONSUMPTION-BASED CLIMATE POLICIES. This event marks the final workshop of the Carbon-CAP Project, a three-year endeavour which has sought to examine ways that EU policy may facilitate a move toward reduced carbon consumption patterns. The project's participants include academics, private sector and government representatives, and consumer groups. The International Centre for Trade and Sustainable Development (ICTSD), the publisher of Bridges, is part of the Carbon-CAP's project team. More information is available [here](#).

Resources

THE UNITED NATIONS SECRETARY-GENERAL'S HIGH-LEVEL PANEL ON ACCESS TO MEDICINES REPORT: PROMOTING INNOVATION AND ACCESS TO HEALTH TECHNOLOGIES. Released by the UN Secretary-General and Co-Chairs of the High-Level Panel (September 2016). This new report issues a series of recommendations to improve access to medicines, both in developed and developing countries. The analysis covers the interlinkages – and potential gaps or inconsistencies – in the relevant human rights, trade, intellectual property rights, and public health policies. The full report, along with related fact sheets, can be found [here](#).

THE IMF'S ROLE IN THE EURO AREA CRISIS: FINANCIAL SECTOR ASPECTS. By Nicolas Véron for the Peterson Institute for International Economics (August 2016). This paper was originally released by the International Monetary Fund's (IMF) Independent Evaluation Office, and reviews both on a general and country-specific level the response of the Washington-based institution to the euro area crisis. The paper also provides a series of recommendations, particularly in the context of a European banking union. To read more, click [here](#).

DEVELOPMENT COOPERATION REPORT 2016: THE SUSTAINABLE DEVELOPMENT GOALS AS BUSINESS OPPORTUNITIES. Published by the Organisation for Economic Co-operation and Development (OECD) (July 2016). This report examines the role that the private sector can play in helping countries meet the newly-adopted Sustainable Development Goals (SDGs), taking a specific focus on investment in developing countries. The publication provides recommendations on responsible business conduct, data on resource flows, a discussion on the dynamics of private finance, and more. The report is available [here](#).

WHY AND HOW MIGHT A NEW MEASURE OF DEVELOPMENT COOPERATION BE HELPFUL? By Homi Kharas and Andrew Rogerson for the Brookings Institution (September 2016). This new report reviews the discussions underway in various forums on how to improve measurements of development cooperation, providing both suggestions on what might be included in such a measurement while also noting the challenges inherent in trying to quantify it. The authors also note the importance of making a strong case in its favour. To access the report, click [here](#).

CURRENCY WARS, COORDINATION, AND CAPITAL CONTROLS. By Olivier Blanchard for the Peterson Institute for International Economics (July 2016). The author of this paper aims to review how monetary policy in advanced economies actually affects emerging economies, and what space may exist to coordinate among them. The author is the former economic counsellor and director of the International Monetary Fund's (IMF) Research Department. The publication is available [here](#).

TYPOLGY OF ENVIRONMENT-RELATED PROVISIONS IN REGIONAL TRADE AGREEMENTS. By José-Antonio Monteiro for the World Trade Organization (August 2016). This new working paper reviews all regional trade deals that have been formally notified to the Geneva-based organisation, aiming to break down the common features – and differences – in how they develop environment-related rules. The full paper is available for download [here](#).

EXPLORE THE TRADE AND SUSTAINABLE DEVELOPMENT
WORLD FURTHER WITH ICTSD'S BRIDGES NETWORK

BIORES

Analysis and news on trade and environment for a global audience
<http://www.ictsd.org/bridges-news/biores>
English language

BRIDGES AFRICA

Trade and sustainable development news and analysis on Africa
<http://www.ictsd.org/bridges-news/bridges-africa>
English language

PUENTES

Latin America-focussed analysis and news on trade and sustainable development
<http://www.ictsd.org/bridges-news/puentes>
Spanish language

МОСТЫ

CIS-focussed analysis and news on trade and sustainable development
<http://www.ictsd.org/bridges-news/МОСТЫ>
Russian language

PONTES

Analysis and news on trade and sustainable development for the Portuguese-speaking world
<http://www.ictsd.org/bridges-news/pontes>
Portuguese language

桥

Analysis and news on trade and sustainable development for the Chinese-speaking world
<http://www.ictsd.org/bridges-news/桥>
Chinese language

PASSERELLES

Africa-focussed analysis and news on trade and sustainable development
<http://ictsd.org/news/passerelles>
French language

PUBLISHED BY



**International Centre for Trade
and Sustainable Development**

Chemin de Balexert 7-9
1219 Geneva, Switzerland
+41-22-917-8492
www.ictsd.org

Bridges Weekly Trade News is made possible
through generous contributions of donors and
partners including

**DFID - UK Department for
International Development**

**SIDA - Swedish International
Development Agency**

**DGIS - Ministry of Foreign Affairs
Netherlands**

Ministry of Foreign Affairs, Denmark

Ministry of Foreign Affairs, Finland

Ministry of Foreign Affairs, Norway

**Department of Foreign Affairs and Trade,
Australia**

Copyright ICTSD, 2016. Readers are encouraged
to quote and reproduce this material for
educational, non-profit purposes, provided the
source is acknowledged.



This work is licensed under the Creative
Commons Attribution-NonCommercial-No-
Derivative Works 4.0 International [License](https://creativecommons.org/licenses/by-nc-nd/4.0/).

Your support to BRIDGES and the BRIDGES series
of publications is most welcome; if interested,
please contact Andrew Crosby, Managing
Director at +41-22-917-8335.

Contributors to this issue are Sofia Alicia Baliño,
Emily Bloom, Jonathan Hepburn, and Jimena
Sotelo. This edition of Bridges Weekly Trade
News Digest is edited by Sofia Alicia Baliño.

The Publisher and Director is Ricardo Meléndez-
Ortiz. The Editor in Chief is Andrew Crosby.
Comments and suggestions are welcomed and
should be directed to the [editor](#) or the [director](#).

Price: €10.00

ISSN 1563-0

